

1 AN ACT in relation to taxation.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The State Revenue Sharing Act is amended by
5 changing Section 12 as follows:

6 (30 ILCS 115/12) (from Ch. 85, par. 616)

7 Sec. 12. Personal Property Tax Replacement Fund. There
8 is hereby created the Personal Property Tax Replacement Fund,
9 a special fund in the State Treasury into which shall be paid
10 all revenue realized:

11 (a) all amounts realized from the additional personal
12 property tax replacement income tax imposed by subsections
13 (c) and (d) of Section 201 of the Illinois Income Tax Act,
14 except for those amounts deposited into the Income Tax Refund
15 Fund pursuant to subsection (c) of Section 901 of the
16 Illinois Income Tax Act; and

17 (b) all amounts realized from the additional personal
18 property replacement invested capital taxes imposed by
19 Section 2a.1 of the Messages Tax Act, Section 2a.1 of the Gas
20 Revenue Tax Act, Section 2a.1 of the Public Utilities
21 Revenue Act, and Section 3 of the Water Company Invested
22 Capital Tax Act, and amounts payable to the Department of
23 Revenue under the Telecommunications Municipal Infrastructure
24 Maintenance Fee Act.

25 As soon as may be after the end of each month, the
26 Department of Revenue shall certify to the Treasurer and the
27 Comptroller the amount of all refunds paid out of the General
28 Revenue Fund through the preceding month on account of
29 overpayment of liability on taxes paid into the Personal
30 Property Tax Replacement Fund. Upon receipt of such
31 certification, the Treasurer and the Comptroller shall

1 transfer the amount so certified from the Personal Property
2 Tax Replacement Fund into the General Revenue Fund.

3 The payments of revenue into the Personal Property Tax
4 Replacement Fund shall be used exclusively for distribution
5 to taxing districts as provided in this Section, payment of
6 the expenses of the Department of Revenue incurred in
7 administering the collection and distribution of monies paid
8 into the Personal Property Tax Replacement Fund and transfers
9 due to refunds to taxpayers for overpayment of liability for
10 taxes paid into the Personal Property Tax Replacement Fund.

11 As soon as may be after the effective date of this
12 amendatory Act of 1980, the Department of Revenue shall
13 certify to the Treasurer the amount of net replacement
14 revenue paid into the General Revenue Fund prior to that
15 effective date from the additional tax imposed by Section
16 2a.1 of the Messages Tax Act; Section 2a.1 of the Gas Revenue
17 Tax Act; Section 2a.1 of the Public Utilities Revenue Act;
18 Section 3 of the Water Company Invested Capital Tax Act;
19 amounts collected by the Department of Revenue under the
20 Telecommunications Municipal Infrastructure Maintenance Fee
21 Act; and the additional personal property tax replacement
22 income tax imposed by the Illinois Income Tax Act, as amended
23 by Public Act 81-1st Special Session-1. Net replacement
24 revenue shall be defined as the total amount paid into and
25 remaining in the General Revenue Fund as a result of those
26 Acts minus the amount outstanding and obligated from the
27 General Revenue Fund in state vouchers or warrants prior to
28 the effective date of this amendatory Act of 1980 as refunds
29 to taxpayers for overpayment of liability under those Acts.

30 All interest earned by monies accumulated in the Personal
31 Property Tax Replacement Fund shall be deposited in such
32 Fund. All amounts allocated pursuant to this Section are
33 appropriated on a continuing basis.

34 Prior to December 31, 1980, as soon as may be after the

1 end of each quarter beginning with the quarter ending
2 December 31, 1979, and on and after December 31, 1980, as
3 soon as may be after January 1, March 1, April 1, May 1, July
4 1, August 1, October 1 and December 1 of each year, the
5 Department of Revenue shall allocate to each taxing district
6 as defined in Section 1-150 of the Property Tax Code, in
7 accordance with the provisions of paragraph (2) of this
8 Section the portion of the funds held in the Personal
9 Property Tax Replacement Fund which is required to be
10 distributed, as provided in paragraph (1), for each quarter.
11 Provided, however, under no circumstances shall any taxing
12 district during each of the first two years of distribution
13 of the taxes imposed by this amendatory Act of 1979 be
14 entitled to an annual allocation which is less than the funds
15 such taxing district collected from the 1978 personal
16 property tax. Provided further that under no circumstances
17 shall any taxing district during the third year of
18 distribution of the taxes imposed by this amendatory Act of
19 1979 receive less than 60% of the funds such taxing district
20 collected from the 1978 personal property tax. In the event
21 that the total of the allocations made as above provided for
22 all taxing districts, during either of such 3 years, exceeds
23 the amount available for distribution the allocation of each
24 taxing district shall be proportionately reduced. Except as
25 provided in Section 13 of this Act, the Department shall then
26 certify, pursuant to appropriation, such allocations to the
27 State Comptroller who shall pay over to the several taxing
28 districts the respective amounts allocated to them.

29 Any township which receives an allocation based in whole
30 or in part upon personal property taxes which it levied
31 pursuant to Section 6-507 or 6-512 of the Illinois Highway
32 Code and which was previously required to be paid over to a
33 municipality shall immediately pay over to that municipality
34 a proportionate share of the personal property replacement

1 funds which such township receives.

2 Any municipality or township, other than a municipality
3 with a population in excess of 500,000, which receives an
4 allocation based in whole or in part on personal property
5 taxes which it levied pursuant to Sections 3-1, 3-4 and 3-6
6 of the Illinois Local Library Act and which was previously
7 required to be paid over to a public library shall
8 immediately pay over to that library a proportionate share of
9 the personal property tax replacement funds which such
10 municipality or township receives; provided that if such a
11 public library has converted to a library organized under The
12 Illinois Public Library District Act, regardless of whether
13 such conversion has occurred on, after or before January 1,
14 1988, such proportionate share shall be immediately paid over
15 to the library district which maintains and operates the
16 library. However, any library that has converted prior to
17 January 1, 1988, and which hitherto has not received the
18 personal property tax replacement funds, shall receive such
19 funds commencing on January 1, 1988.

20 Any township which receives an allocation based in whole
21 or in part on personal property taxes which it levied
22 pursuant to Section 1c of the Public Graveyards Act and which
23 taxes were previously required to be paid over to or used for
24 such public cemetery or cemeteries shall immediately pay over
25 to or use for such public cemetery or cemeteries a
26 proportionate share of the personal property tax replacement
27 funds which the township receives.

28 Any taxing district which receives an allocation based in
29 whole or in part upon personal property taxes which it levied
30 for another governmental body or school district in Cook
31 County in 1976 or for another governmental body or school
32 district in the remainder of the State in 1977 shall
33 immediately pay over to that governmental body or school
34 district the amount of personal property replacement funds

1 which such governmental body or school district would receive
2 directly under the provisions of paragraph (2) of this
3 Section, had it levied its own taxes.

4 (1) The portion of the Personal Property Tax Replacement
5 Fund required to be distributed as of the time allocation is
6 required to be made shall be the amount available in such
7 Fund as of the time allocation is required to be made.

8 The amount available for distribution shall be the total
9 amount in the fund at such time minus the necessary
10 administrative expenses as limited by the appropriation and
11 the amount determined by: (a) \$2.8 million for fiscal year
12 1981; (b) for fiscal year 1982, .54% of the funds distributed
13 from the fund during the preceding fiscal year; (c) for
14 fiscal year 1983 through fiscal year 1988, .54% of the funds
15 distributed from the fund during the preceding fiscal year
16 less .02% of such fund for fiscal year 1983 and less .02% of
17 such funds for each fiscal year thereafter, or (d) for fiscal
18 year 1989 and beyond no more than 105% of the actual
19 administrative expenses of the prior fiscal year. Such
20 portion of the fund shall be determined after the transfer
21 into the General Revenue Fund due to refunds, if any, paid
22 from the General Revenue Fund during the preceding quarter.
23 If at any time, for any reason, there is insufficient amount
24 in the Personal Property Tax Replacement Fund for payment of
25 costs of administration or for transfers due to refunds at
26 the end of any particular month, the amount of such
27 insufficiency shall be carried over for the purposes of
28 transfers into the General Revenue Fund and for purposes of
29 costs of administration to the following month or months.
30 Net replacement revenue held, and defined above, shall be
31 transferred by the Treasurer and Comptroller to the Personal
32 Property Tax Replacement Fund within 10 days of such
33 certification.

34 (2) Each quarterly allocation shall first be apportioned

1 in the following manner: 51.65% for taxing districts in Cook
2 County and 48.35% for taxing districts in the remainder of
3 the State.

4 The Personal Property Replacement Ratio of each taxing
5 district outside Cook County shall be the ratio which the Tax
6 Base of that taxing district bears to the Downstate Tax Base.
7 The Tax Base of each taxing district outside of Cook County
8 is the personal property tax collections for that taxing
9 district for the 1977 tax year. The Downstate Tax Base is
10 the personal property tax collections for all taxing
11 districts in the State outside of Cook County for the 1977
12 tax year. The Department of Revenue shall have authority to
13 review for accuracy and completeness the personal property
14 tax collections for each taxing district outside Cook County
15 for the 1977 tax year.

16 The Personal Property Replacement Ratio of each Cook
17 County taxing district shall be the ratio which the Tax Base
18 of that taxing district bears to the Cook County Tax Base.
19 The Tax Base of each Cook County taxing district is the
20 personal property tax collections for that taxing district
21 for the 1976 tax year. The Cook County Tax Base is the
22 personal property tax collections for all taxing districts in
23 Cook County for the 1976 tax year. The Department of Revenue
24 shall have authority to review for accuracy and completeness
25 the personal property tax collections for each taxing
26 district within Cook County for the 1976 tax year.

27 For all purposes of this Section 12, amounts paid to a
28 taxing district for such tax years as may be applicable by a
29 foreign corporation under the provisions of Section 7-202 of
30 the Public Utilities Act, as amended, shall be deemed to be
31 personal property taxes collected by such taxing district for
32 such tax years as may be applicable. The Director shall
33 determine from the Illinois Commerce Commission, for any tax
34 year as may be applicable, the amounts so paid by any such

1 foreign corporation to any and all taxing districts. The
2 Illinois Commerce Commission shall furnish such information
3 to the Director. For all purposes of this Section 12, the
4 Director shall deem such amounts to be collected personal
5 property taxes of each such taxing district for the
6 applicable tax year or years.

7 Taxing districts located both in Cook County and in one
8 or more other counties shall receive both a Cook County
9 allocation and a Downstate allocation determined in the same
10 way as all other taxing districts.

11 If any taxing district in existence on July 1, 1979
12 ceases to exist, or discontinues its operations, its Tax Base
13 shall thereafter be deemed to be zero. If the powers, duties
14 and obligations of the discontinued taxing district are
15 assumed by another taxing district, the Tax Base of the
16 discontinued taxing district shall be added to the Tax Base
17 of the taxing district assuming such powers, duties and
18 obligations.

19 If two or more taxing districts in existence on July 1,
20 1979, or a successor or successors thereto shall consolidate
21 into one taxing district, the Tax Base of such consolidated
22 taxing district shall be the sum of the Tax Bases of each of
23 the taxing districts which have consolidated.

24 If a single taxing district in existence on July 1, 1979,
25 or a successor or successors thereto shall be divided into
26 two or more separate taxing districts, the tax base of the
27 taxing district so divided shall be allocated to each of the
28 resulting taxing districts in proportion to the then current
29 equalized assessed value of each resulting taxing district.

30 If a portion of the territory of a taxing district is
31 disconnected and annexed to another taxing district of the
32 same type, the Tax Base of the taxing district from which
33 disconnection was made shall be reduced in proportion to the
34 then current equalized assessed value of the disconnected

1 territory as compared with the then current equalized
2 assessed value within the entire territory of the taxing
3 district prior to disconnection, and the amount of such
4 reduction shall be added to the Tax Base of the taxing
5 district to which annexation is made.

6 If a community college district is created after July 1,
7 1979, beginning on the effective date of this amendatory Act
8 of 1995, its Tax Base shall be 3.5% of the sum of the
9 personal property tax collected for the 1977 tax year within
10 the territorial jurisdiction of the district.

11 The amounts allocated and paid to taxing districts
12 pursuant to the provisions of this amendatory Act of 1979
13 shall be deemed to be substitute revenues for the revenues
14 derived from taxes imposed on personal property pursuant to
15 the provisions of the "Revenue Act of 1939" or "An Act for
16 the assessment and taxation of private car line companies",
17 approved July 22, 1943, as amended, or Section 414 of the
18 Illinois Insurance Code, prior to the abolition of such taxes
19 and shall be used for the same purposes as the revenues
20 derived from ad valorem taxes on real estate.

21 Monies received by any taxing districts from the Personal
22 Property Tax Replacement Fund shall be first applied toward
23 payment of the proportionate amount of debt service which was
24 previously levied and collected from extensions against
25 personal property on bonds outstanding as of December 31,
26 1978 and next applied toward payment of the proportionate
27 share of the pension or retirement obligations of the taxing
28 district which were previously levied and collected from
29 extensions against personal property. For each such
30 outstanding bond issue, the County Clerk shall determine the
31 percentage of the debt service which was collected from
32 extensions against real estate in the taxing district for
33 1978 taxes payable in 1979, as related to the total amount of
34 such levies and collections from extensions against both real

1 and personal property. For 1979 and subsequent years' taxes,
2 the County Clerk shall levy and extend taxes against the real
3 estate of each taxing district which will yield the said
4 percentage or percentages of the debt service on such
5 outstanding bonds. The balance of the amount necessary to
6 fully pay such debt service shall constitute a first and
7 prior lien upon the monies received by each such taxing
8 district through the Personal Property Tax Replacement Fund
9 and shall be first applied or set aside for such purpose. In
10 counties having fewer than 3,000,000 inhabitants, the
11 amendments to this paragraph as made by this amendatory Act
12 of 1980 shall be first applicable to 1980 taxes to be
13 collected in 1981.

14 (Source: P.A. 89-327, eff. 1-1-96; 90-154, eff. 1-1-98.)

15 Section 10. The Illinois Income Tax Act is amended by
16 changing Section 201 as follows:

17 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

18 Sec. 201. Tax Imposed.

19 (a) In general. A tax measured by net income is hereby
20 imposed on every individual, corporation, trust and estate
21 for each taxable year ending after July 31, 1969 on the
22 privilege of earning or receiving income in or as a resident
23 of Illinois this-State. Such tax shall be in addition to all
24 other occupation or privilege taxes imposed by this State or
25 by any municipal corporation or political subdivision
26 thereof.

27 (b) Rates. The tax imposed by subsection (a) of this
28 Section shall be determined as follows, except as adjusted by
29 subsection (d-1):

30 (1) In the case of an individual, trust or estate,
31 for taxable years ending prior to July 1, 1989, an amount
32 equal to 2 1/2% of the taxpayer's net income for the

1 taxable year.

2 (2) In the case of an individual, trust or estate,
3 for taxable years beginning prior to July 1, 1989 and
4 ending after June 30, 1989, an amount equal to the sum of
5 (i) 2 1/2% of the taxpayer's net income for the period
6 prior to July 1, 1989, as calculated under Section 202.3,
7 and (ii) 3% of the taxpayer's net income for the period
8 after June 30, 1989, as calculated under Section 202.3.

9 (3) In the case of an individual, trust or estate,
10 for taxable years beginning after June 30, 1989, an
11 amount equal to 3% of the taxpayer's net income for the
12 taxable year.

13 (4) (Blank).

14 (5) (Blank).

15 (6) In the case of a corporation, for taxable years
16 ending prior to July 1, 1989, an amount equal to 4% of
17 the taxpayer's net income for the taxable year.

18 (7) In the case of a corporation, for taxable years
19 beginning prior to July 1, 1989 and ending after June 30,
20 1989, an amount equal to the sum of (i) 4% of the
21 taxpayer's net income for the period prior to July 1,
22 1989, as calculated under Section 202.3, and (ii) 4.8% of
23 the taxpayer's net income for the period after June 30,
24 1989, as calculated under Section 202.3.

25 (8) In the case of a corporation, for taxable years
26 beginning after June 30, 1989, an amount equal to 4.8% of
27 the taxpayer's net income for the taxable year.

28 (c) Beginning on July 1, 1979 and thereafter, in
29 addition to such income tax, there is also hereby imposed the
30 Personal Property Tax Replacement Income Tax measured by net
31 income on every corporation (including Subchapter S
32 corporations), partnership and trust, for each taxable year
33 ending after June 30, 1979. Such taxes are imposed on the
34 privilege of earning or receiving income in or as a resident

1 of this State. The Personal Property Tax Replacement Income
2 Tax shall be in addition to the income tax imposed by
3 subsections (a) and (b) of this Section and in addition to
4 all other occupation or privilege taxes imposed by this State
5 or by any municipal corporation or political subdivision
6 thereof.

7 (d) Additional Personal Property Tax Replacement Income
8 Tax Rates. The personal property tax replacement income tax
9 imposed by this subsection and subsection (c) of this Section
10 in the case of a corporation, other than a Subchapter S
11 corporation and except as adjusted by subsection (d-1), shall
12 be an additional amount equal to 2.85% of such taxpayer's net
13 income for the taxable year, except that beginning on January
14 1, 1981, and thereafter, the rate of 2.85% specified in this
15 subsection shall be reduced to 2.5%, and in the case of a
16 partnership, trust or a Subchapter S corporation shall be an
17 additional amount equal to 1.5% of such taxpayer's net income
18 for the taxable year.

19 (d-1) Rate reduction for certain foreign insurers. In
20 the case of a foreign insurer, as defined by Section 35A-5 of
21 the Illinois Insurance Code, whose state or country of
22 domicile imposes on insurers domiciled in Illinois a
23 retaliatory tax (excluding any insurer whose premiums from
24 reinsurance assumed are 50% or more of its total insurance
25 premiums as determined under paragraph (2) of subsection (b)
26 of Section 304, except that for purposes of this
27 determination premiums from reinsurance do not include
28 premiums from inter-affiliate reinsurance arrangements),
29 beginning with taxable years ending on or after December 31,
30 1999, the sum of the rates of tax imposed by subsections (b)
31 and (d) shall be reduced (but not increased) to the rate at
32 which the total amount of tax imposed under this Act, net of
33 all credits allowed under this Act, shall equal (i) the total
34 amount of tax that would be imposed on the foreign insurer's

1 net income allocable to Illinois for the taxable year by such
2 foreign insurer's state or country of domicile if that net
3 income were subject to all income taxes and taxes measured by
4 net income imposed by such foreign insurer's state or country
5 of domicile, net of all credits allowed or (ii) a rate of
6 zero if no such tax is imposed on such income by the foreign
7 insurer's state of domicile. For the purposes of this
8 subsection (d-1), an inter-affiliate includes a mutual
9 insurer under common management.

10 (1) For the purposes of subsection (d-1), in no
11 event shall the sum of the rates of tax imposed by
12 subsections (b) and (d) be reduced below the rate at
13 which the sum of:

14 (A) the total amount of tax imposed on such
15 foreign insurer under this Act for a taxable year,
16 net of all credits allowed under this Act, plus

17 (B) the privilege tax imposed by Section 409
18 of the Illinois Insurance Code, the fire insurance
19 company tax imposed by Section 12 of the Fire
20 Investigation Act, and the fire department taxes
21 imposed under Section 11-10-1 of the Illinois
22 Municipal Code,

23 equals 1.25% of the net taxable premiums written for the
24 taxable year, as described by subsection (1) of Section
25 409 of the Illinois Insurance Code. This paragraph will
26 in no event increase the rates imposed under subsections
27 (b) and (d).

28 (2) Any reduction in the rates of tax imposed by
29 this subsection shall be applied first against the rates
30 imposed by subsection (b) and only after the tax imposed
31 by subsection (a) net of all credits allowed under this
32 Section other than the credit allowed under subsection
33 (i) has been reduced to zero, against the rates imposed
34 by subsection (d).

1 This subsection (d-1) is exempt from the provisions of
2 Section 250.

3 (e) Investment credit. A taxpayer shall be allowed a
4 credit against the Personal Property Tax Replacement Income
5 Tax for investment in qualified property.

6 (1) A taxpayer shall be allowed a credit equal to
7 .5% of the basis of qualified property placed in service
8 during the taxable year, provided such property is placed
9 in service on or after July 1, 1984. There shall be
10 allowed an additional credit equal to .5% of the basis of
11 qualified property placed in service during the taxable
12 year, provided such property is placed in service on or
13 after July 1, 1986, and the taxpayer's base employment
14 within Illinois has increased by 1% or more over the
15 preceding year as determined by the taxpayer's employment
16 records filed with the Illinois Department of Employment
17 Security. Taxpayers who are new to Illinois shall be
18 deemed to have met the 1% growth in base employment for
19 the first year in which they file employment records with
20 the Illinois Department of Employment Security. The
21 provisions added to this Section by Public Act 85-1200
22 (and restored by Public Act 87-895) shall be construed as
23 declaratory of existing law and not as a new enactment.
24 If, in any year, the increase in base employment within
25 Illinois over the preceding year is less than 1%, the
26 additional credit shall be limited to that percentage
27 times a fraction, the numerator of which is .5% and the
28 denominator of which is 1%, but shall not exceed .5%.
29 The investment credit shall not be allowed to the extent
30 that it would reduce a taxpayer's liability in any tax
31 year below zero, nor may any credit for qualified
32 property be allowed for any year other than the year in
33 which the property was placed in service in Illinois. For
34 tax years ending on or after December 31, 1987, and on or

1 before December 31, 1988, the credit shall be allowed for
2 the tax year in which the property is placed in service,
3 or, if the amount of the credit exceeds the tax liability
4 for that year, whether it exceeds the original liability
5 or the liability as later amended, such excess may be
6 carried forward and applied to the tax liability of the 5
7 taxable years following the excess credit years if the
8 taxpayer (i) makes investments which cause the creation
9 of a minimum of 2,000 full-time equivalent jobs in
10 Illinois, (ii) is located in an enterprise zone
11 established pursuant to the Illinois Enterprise Zone Act
12 and (iii) is certified by the Department of Commerce and
13 Community Affairs as complying with the requirements
14 specified in clause (i) and (ii) by July 1, 1986. The
15 Department of Commerce and Community Affairs shall notify
16 the Department of Revenue of all such certifications
17 immediately. For tax years ending after December 31,
18 1988, the credit shall be allowed for the tax year in
19 which the property is placed in service, or, if the
20 amount of the credit exceeds the tax liability for that
21 year, whether it exceeds the original liability or the
22 liability as later amended, such excess may be carried
23 forward and applied to the tax liability of the 5 taxable
24 years following the excess credit years. The credit shall
25 be applied to the earliest year for which there is a
26 liability. If there is credit from more than one tax year
27 that is available to offset a liability, earlier credit
28 shall be applied first.

29 (2) The term "qualified property" means property
30 which:

31 (A) is tangible, whether new or used,
32 including buildings and structural components of
33 buildings and signs that are real property, but not
34 including land or improvements to real property that

1 are not a structural component of a building such as
2 landscaping, sewer lines, local access roads,
3 fencing, parking lots, and other appurtenances;

4 (B) is depreciable pursuant to Section 167 of
5 the Internal Revenue Code, except that "3-year
6 property" as defined in Section 168(c)(2)(A) of that
7 Code is not eligible for the credit provided by this
8 subsection (e);

9 (C) is acquired by purchase as defined in
10 Section 179(d) of the Internal Revenue Code;

11 (D) is used in Illinois by a taxpayer who is
12 primarily engaged in manufacturing, or in mining
13 coal or fluorite, or in retailing; and

14 (E) has not previously been used in Illinois
15 in such a manner and by such a person as would
16 qualify for the credit provided by this subsection
17 (e) or subsection (f).

18 (3) For purposes of this subsection (e),
19 "manufacturing" means the material staging and production
20 of tangible personal property by procedures commonly
21 regarded as manufacturing, processing, fabrication, or
22 assembling which changes some existing material into new
23 shapes, new qualities, or new combinations. For purposes
24 of this subsection (e) the term "mining" shall have the
25 same meaning as the term "mining" in Section 613(c) of
26 the Internal Revenue Code. For purposes of this
27 subsection (e), the term "retailing" means the sale of
28 tangible personal property or services rendered in
29 conjunction with the sale of tangible consumer goods or
30 commodities.

31 (4) The basis of qualified property shall be the
32 basis used to compute the depreciation deduction for
33 federal income tax purposes.

34 (5) If the basis of the property for federal income

1 tax depreciation purposes is increased after it has been
2 placed in service in Illinois by the taxpayer, the amount
3 of such increase shall be deemed property placed in
4 service on the date of such increase in basis.

5 (6) The term "placed in service" shall have the
6 same meaning as under Section 46 of the Internal Revenue
7 Code.

8 (7) If during any taxable year, any property ceases
9 to be qualified property in the hands of the taxpayer
10 within 48 months after being placed in service, or the
11 situs of any qualified property is moved outside Illinois
12 within 48 months after being placed in service, the
13 Personal Property Tax Replacement Income Tax for such
14 taxable year shall be increased. Such increase shall be
15 determined by (i) recomputing the investment credit which
16 would have been allowed for the year in which credit for
17 such property was originally allowed by eliminating such
18 property from such computation and, (ii) subtracting such
19 recomputed credit from the amount of credit previously
20 allowed. For the purposes of this paragraph (7), a
21 reduction of the basis of qualified property resulting
22 from a redetermination of the purchase price shall be
23 deemed a disposition of qualified property to the extent
24 of such reduction.

25 (8) Unless the investment credit is extended by
26 law, the basis of qualified property shall not include
27 costs incurred after December 31, 2003, except for costs
28 incurred pursuant to a binding contract entered into on
29 or before December 31, 2003.

30 (9) Each taxable year ending before December 31,
31 2000, a partnership may elect to pass through to its
32 partners the credits to which the partnership is entitled
33 under this subsection (e) for the taxable year. A
34 partner may use the credit allocated to him or her under

1 this paragraph only against the tax imposed in
2 subsections (c) and (d) of this Section. If the
3 partnership makes that election, those credits shall be
4 allocated among the partners in the partnership in
5 accordance with the rules set forth in Section 704(b) of
6 the Internal Revenue Code, and the rules promulgated
7 under that Section, and the allocated amount of the
8 credits shall be allowed to the partners for that taxable
9 year. The partnership shall make this election on its
10 Personal Property Tax Replacement Income Tax return for
11 that taxable year. The election to pass through the
12 credits shall be irrevocable.

13 For taxable years ending on or after December 31,
14 2000, a partner that qualifies its partnership for a
15 subtraction under subparagraph (I) of paragraph (2) of
16 subsection (d) of Section 203 or a shareholder that
17 qualifies a Subchapter S corporation for a subtraction
18 under subparagraph (S) of paragraph (2) of subsection (b)
19 of Section 203 shall be allowed a credit under this
20 subsection (e) equal to its share of the credit earned
21 under this subsection (e) during the taxable year by the
22 partnership or Subchapter S corporation, determined in
23 accordance with the determination of income and
24 distributive share of income under Sections 702 and 704
25 and Subchapter S of the Internal Revenue Code. This
26 paragraph is exempt from the provisions of Section 250.

27 (f) Investment credit; Enterprise Zone.

28 (1) A taxpayer shall be allowed a credit against
29 the tax imposed by subsections (a) and (b) of this
30 Section for investment in qualified property which is
31 placed in service in an Enterprise Zone created pursuant
32 to the Illinois Enterprise Zone Act. For partners,
33 shareholders of Subchapter S corporations, and owners of
34 limited liability companies, if the liability company is

1 treated as a partnership for purposes of federal and
2 State income taxation, there shall be allowed a credit
3 under this subsection (f) to be determined in accordance
4 with the determination of income and distributive share
5 of income under Sections 702 and 704 and Subchapter S of
6 the Internal Revenue Code. The credit shall be .5% of the
7 basis for such property. The credit shall be available
8 only in the taxable year in which the property is placed
9 in service in the Enterprise Zone and shall not be
10 allowed to the extent that it would reduce a taxpayer's
11 liability for the tax imposed by subsections (a) and (b)
12 of this Section to below zero. For tax years ending on or
13 after December 31, 1985, the credit shall be allowed for
14 the tax year in which the property is placed in service,
15 or, if the amount of the credit exceeds the tax liability
16 for that year, whether it exceeds the original liability
17 or the liability as later amended, such excess may be
18 carried forward and applied to the tax liability of the 5
19 taxable years following the excess credit year. The
20 credit shall be applied to the earliest year for which
21 there is a liability. If there is credit from more than
22 one tax year that is available to offset a liability, the
23 credit accruing first in time shall be applied first.

24 (2) The term qualified property means property
25 which:

26 (A) is tangible, whether new or used,
27 including buildings and structural components of
28 buildings;

29 (B) is depreciable pursuant to Section 167 of
30 the Internal Revenue Code, except that "3-year
31 property" as defined in Section 168(c)(2)(A) of that
32 Code is not eligible for the credit provided by this
33 subsection (f);

34 (C) is acquired by purchase as defined in

1 Section 179(d) of the Internal Revenue Code;

2 (D) is used in the Enterprise Zone by the
3 taxpayer; and

4 (E) has not been previously used in Illinois
5 in such a manner and by such a person as would
6 qualify for the credit provided by this subsection
7 (f) or subsection (e).

8 (3) The basis of qualified property shall be the
9 basis used to compute the depreciation deduction for
10 federal income tax purposes.

11 (4) If the basis of the property for federal income
12 tax depreciation purposes is increased after it has been
13 placed in service in the Enterprise Zone by the taxpayer,
14 the amount of such increase shall be deemed property
15 placed in service on the date of such increase in basis.

16 (5) The term "placed in service" shall have the
17 same meaning as under Section 46 of the Internal Revenue
18 Code.

19 (6) If during any taxable year, any property ceases
20 to be qualified property in the hands of the taxpayer
21 within 48 months after being placed in service, or the
22 situs of any qualified property is moved outside the
23 Enterprise Zone within 48 months after being placed in
24 service, the tax imposed under subsections (a) and (b) of
25 this Section for such taxable year shall be increased.
26 Such increase shall be determined by (i) recomputing the
27 investment credit which would have been allowed for the
28 year in which credit for such property was originally
29 allowed by eliminating such property from such
30 computation, and (ii) subtracting such recomputed credit
31 from the amount of credit previously allowed. For the
32 purposes of this paragraph (6), a reduction of the basis
33 of qualified property resulting from a redetermination of
34 the purchase price shall be deemed a disposition of

1 qualified property to the extent of such reduction.

2 (g) Jobs Tax Credit; Enterprise Zone and Foreign Trade
3 Zone or Sub-Zone.

4 (1) A taxpayer conducting a trade or business in an
5 enterprise zone or a High Impact Business designated by
6 the Department of Commerce and Community Affairs
7 conducting a trade or business in a federally designated
8 Foreign Trade Zone or Sub-Zone shall be allowed a credit
9 against the tax imposed by subsections (a) and (b) of
10 this Section in the amount of \$500 per eligible employee
11 hired to work in the zone during the taxable year.

12 (2) To qualify for the credit:

13 (A) the taxpayer must hire 5 or more eligible
14 employees to work in an enterprise zone or federally
15 designated Foreign Trade Zone or Sub-Zone during the
16 taxable year;

17 (B) the taxpayer's total employment within the
18 enterprise zone or federally designated Foreign
19 Trade Zone or Sub-Zone must increase by 5 or more
20 full-time employees beyond the total employed in
21 that zone at the end of the previous tax year for
22 which a jobs tax credit under this Section was
23 taken, or beyond the total employed by the taxpayer
24 as of December 31, 1985, whichever is later; and

25 (C) the eligible employees must be employed
26 180 consecutive days in order to be deemed hired for
27 purposes of this subsection.

28 (3) An "eligible employee" means an employee who
29 is:

30 (A) Certified by the Department of Commerce
31 and Community Affairs as "eligible for services"
32 pursuant to regulations promulgated in accordance
33 with Title II of the Job Training Partnership Act,
34 Training Services for the Disadvantaged or Title III

1 of the Job Training Partnership Act, Employment and
2 Training Assistance for Dislocated Workers Program.

3 (B) Hired after the enterprise zone or
4 federally designated Foreign Trade Zone or Sub-Zone
5 was designated or the trade or business was located
6 in that zone, whichever is later.

7 (C) Employed in the enterprise zone or Foreign
8 Trade Zone or Sub-Zone. An employee is employed in
9 an enterprise zone or federally designated Foreign
10 Trade Zone or Sub-Zone if his services are rendered
11 there or it is the base of operations for the
12 services performed.

13 (D) A full-time employee working 30 or more
14 hours per week.

15 (4) For tax years ending on or after December 31,
16 1985 and prior to December 31, 1988, the credit shall be
17 allowed for the tax year in which the eligible employees
18 are hired. For tax years ending on or after December 31,
19 1988, the credit shall be allowed for the tax year
20 immediately following the tax year in which the eligible
21 employees are hired. If the amount of the credit exceeds
22 the tax liability for that year, whether it exceeds the
23 original liability or the liability as later amended,
24 such excess may be carried forward and applied to the tax
25 liability of the 5 taxable years following the excess
26 credit year. The credit shall be applied to the earliest
27 year for which there is a liability. If there is credit
28 from more than one tax year that is available to offset a
29 liability, earlier credit shall be applied first.

30 (5) The Department of Revenue shall promulgate such
31 rules and regulations as may be deemed necessary to carry
32 out the purposes of this subsection (g).

33 (6) The credit shall be available for eligible
34 employees hired on or after January 1, 1986.

1 (h) Investment credit; High Impact Business.

2 (1) Subject to subsection (b) of Section 5.5 of the

3 Illinois Enterprise Zone Act, a taxpayer shall be allowed

4 a credit against the tax imposed by subsections (a) and

5 (b) of this Section for investment in qualified property

6 which is placed in service by a Department of Commerce

7 and Community Affairs designated High Impact Business.

8 The credit shall be .5% of the basis for such property.

9 The credit shall not be available until the minimum

10 investments in qualified property set forth in Section

11 5.5 of the Illinois Enterprise Zone Act have been

12 satisfied and shall not be allowed to the extent that it

13 would reduce a taxpayer's liability for the tax imposed

14 by subsections (a) and (b) of this Section to below zero.

15 The credit applicable to such minimum investments shall

16 be taken in the taxable year in which such minimum

17 investments have been completed. The credit for

18 additional investments beyond the minimum investment by a

19 designated high impact business shall be available only

20 in the taxable year in which the property is placed in

21 service and shall not be allowed to the extent that it

22 would reduce a taxpayer's liability for the tax imposed

23 by subsections (a) and (b) of this Section to below zero.

24 For tax years ending on or after December 31, 1987, the

25 credit shall be allowed for the tax year in which the

26 property is placed in service, or, if the amount of the

27 credit exceeds the tax liability for that year, whether

28 it exceeds the original liability or the liability as

29 later amended, such excess may be carried forward and

30 applied to the tax liability of the 5 taxable years

31 following the excess credit year. The credit shall be

32 applied to the earliest year for which there is a

33 liability. If there is credit from more than one tax

34 year that is available to offset a liability, the credit

1 accruing first in time shall be applied first.

2 Changes made in this subdivision (h)(1) by Public
3 Act 88-670 restore changes made by Public Act 85-1182 and
4 reflect existing law.

5 (2) The term qualified property means property
6 which:

7 (A) is tangible, whether new or used,
8 including buildings and structural components of
9 buildings;

10 (B) is depreciable pursuant to Section 167 of
11 the Internal Revenue Code, except that "3-year
12 property" as defined in Section 168(c)(2)(A) of that
13 Code is not eligible for the credit provided by this
14 subsection (h);

15 (C) is acquired by purchase as defined in
16 Section 179(d) of the Internal Revenue Code; and

17 (D) is not eligible for the Enterprise Zone
18 Investment Credit provided by subsection (f) of this
19 Section.

20 (3) The basis of qualified property shall be the
21 basis used to compute the depreciation deduction for
22 federal income tax purposes.

23 (4) If the basis of the property for federal income
24 tax depreciation purposes is increased after it has been
25 placed in service in a federally designated Foreign Trade
26 Zone or Sub-Zone located in Illinois by the taxpayer, the
27 amount of such increase shall be deemed property placed
28 in service on the date of such increase in basis.

29 (5) The term "placed in service" shall have the
30 same meaning as under Section 46 of the Internal Revenue
31 Code.

32 (6) If during any taxable year ending on or before
33 December 31, 1996, any property ceases to be qualified
34 property in the hands of the taxpayer within 48 months

1 after being placed in service, or the situs of any
2 qualified property is moved outside Illinois within 48
3 months after being placed in service, the tax imposed
4 under subsections (a) and (b) of this Section for such
5 taxable year shall be increased. Such increase shall be
6 determined by (i) recomputing the investment credit which
7 would have been allowed for the year in which credit for
8 such property was originally allowed by eliminating such
9 property from such computation, and (ii) subtracting such
10 recomputed credit from the amount of credit previously
11 allowed. For the purposes of this paragraph (6), a
12 reduction of the basis of qualified property resulting
13 from a redetermination of the purchase price shall be
14 deemed a disposition of qualified property to the extent
15 of such reduction.

16 (7) Beginning with tax years ending after December
17 31, 1996, if a taxpayer qualifies for the credit under
18 this subsection (h) and thereby is granted a tax
19 abatement and the taxpayer relocates its entire facility
20 in violation of the explicit terms and length of the
21 contract under Section 18-183 of the Property Tax Code,
22 the tax imposed under subsections (a) and (b) of this
23 Section shall be increased for the taxable year in which
24 the taxpayer relocated its facility by an amount equal to
25 the amount of credit received by the taxpayer under this
26 subsection (h).

27 (i) A credit shall be allowed against the tax imposed by
28 subsections (a) and (b) of this Section for the tax imposed
29 by subsections (c) and (d) of this Section. This credit
30 shall be computed by multiplying the tax imposed by
31 subsections (c) and (d) of this Section by a fraction, the
32 numerator of which is base income allocable to Illinois and
33 the denominator of which is Illinois base income, and further
34 multiplying the product by the tax rate imposed by

1 subsections (a) and (b) of this Section.

2 Any credit earned on or after December 31, 1986 under
3 this subsection which is unused in the year the credit is
4 computed because it exceeds the tax liability imposed by
5 subsections (a) and (b) for that year (whether it exceeds the
6 original liability or the liability as later amended) may be
7 carried forward and applied to the tax liability imposed by
8 subsections (a) and (b) of the 5 taxable years following the
9 excess credit year. This credit shall be applied first to
10 the earliest year for which there is a liability. If there
11 is a credit under this subsection from more than one tax year
12 that is available to offset a liability the earliest credit
13 arising under this subsection shall be applied first.

14 If, during any taxable year ending on or after December
15 31, 1986, the tax imposed by subsections (c) and (d) of this
16 Section for which a taxpayer has claimed a credit under this
17 subsection (i) is reduced, the amount of credit for such tax
18 shall also be reduced. Such reduction shall be determined by
19 recomputing the credit to take into account the reduced tax
20 imposed by subsection (c) and (d). If any portion of the
21 reduced amount of credit has been carried to a different
22 taxable year, an amended return shall be filed for such
23 taxable year to reduce the amount of credit claimed.

24 (j) Training expense credit. Beginning with tax years
25 ending on or after December 31, 1986, a taxpayer shall be
26 allowed a credit against the tax imposed by subsection (a)
27 and (b) under this Section for all amounts paid or accrued,
28 on behalf of all persons employed by the taxpayer in Illinois
29 or Illinois residents employed outside of Illinois by a
30 taxpayer, for educational or vocational training in
31 semi-technical or technical fields or semi-skilled or skilled
32 fields, which were deducted from gross income in the
33 computation of taxable income. The credit against the tax
34 imposed by subsections (a) and (b) shall be 1.6% of such

1 training expenses. For partners, shareholders of subchapter
2 S corporations, and owners of limited liability companies, if
3 the liability company is treated as a partnership for
4 purposes of federal and State income taxation, there shall be
5 allowed a credit under this subsection (j) to be determined
6 in accordance with the determination of income and
7 distributive share of income under Sections 702 and 704 and
8 subchapter S of the Internal Revenue Code.

9 Any credit allowed under this subsection which is unused
10 in the year the credit is earned may be carried forward to
11 each of the 5 taxable years following the year for which the
12 credit is first computed until it is used. This credit shall
13 be applied first to the earliest year for which there is a
14 liability. If there is a credit under this subsection from
15 more than one tax year that is available to offset a
16 liability the earliest credit arising under this subsection
17 shall be applied first.

18 (k) Research and development credit.

19 Beginning with tax years ending after July 1, 1990, a
20 taxpayer shall be allowed a credit against the tax imposed by
21 subsections (a) and (b) of this Section for increasing
22 research activities in this State. The credit allowed
23 against the tax imposed by subsections (a) and (b) shall be
24 equal to 6 1/2% of the qualifying expenditures for increasing
25 research activities in this State. For partners, shareholders
26 of subchapter S corporations, and owners of limited liability
27 companies, if the liability company is treated as a
28 partnership for purposes of federal and State income
29 taxation, there shall be allowed a credit under this
30 subsection to be determined in accordance with the
31 determination of income and distributive share of income
32 under Sections 702 and 704 and subchapter S of the Internal
33 Revenue Code.

34 For purposes of this subsection, "qualifying

1 expenditures" means the qualifying expenditures as defined
2 for the federal credit for increasing research activities
3 which would be allowable under Section 41 of the Internal
4 Revenue Code and which are conducted in this State,
5 "qualifying expenditures for increasing research activities
6 in this State" means the excess of qualifying expenditures
7 for the taxable year in which incurred over qualifying
8 expenditures for the base period, "qualifying expenditures
9 for the base period" means the average of the qualifying
10 expenditures for each year in the base period, and "base
11 period" means the 3 taxable years immediately preceding the
12 taxable year for which the determination is being made.

13 Any credit in excess of the tax liability for the taxable
14 year may be carried forward. A taxpayer may elect to have the
15 unused credit shown on its final completed return carried
16 over as a credit against the tax liability for the following
17 5 taxable years or until it has been fully used, whichever
18 occurs first.

19 If an unused credit is carried forward to a given year
20 from 2 or more earlier years, that credit arising in the
21 earliest year will be applied first against the tax liability
22 for the given year. If a tax liability for the given year
23 still remains, the credit from the next earliest year will
24 then be applied, and so on, until all credits have been used
25 or no tax liability for the given year remains. Any
26 remaining unused credit or credits then will be carried
27 forward to the next following year in which a tax liability
28 is incurred, except that no credit can be carried forward to
29 a year which is more than 5 years after the year in which the
30 expense for which the credit is given was incurred.

31 Unless extended by law, the credit shall not include
32 costs incurred after December 31, 2004, except for costs
33 incurred pursuant to a binding contract entered into on or
34 before December 31, 2004.

1 No inference shall be drawn from this amendatory Act of
2 the 91st General Assembly in construing this Section for
3 taxable years beginning before January 1, 1999.

4 (1) Environmental Remediation Tax Credit.

5 (i) For tax years ending after December 31, 1997
6 and on or before December 31, 2001, a taxpayer shall be
7 allowed a credit against the tax imposed by subsections
8 (a) and (b) of this Section for certain amounts paid for
9 unreimbursed eligible remediation costs, as specified in
10 this subsection. For purposes of this Section,
11 "unreimbursed eligible remediation costs" means costs
12 approved by the Illinois Environmental Protection Agency
13 ("Agency") under Section 58.14 of the Environmental
14 Protection Act that were paid in performing environmental
15 remediation at a site for which a No Further Remediation
16 Letter was issued by the Agency and recorded under
17 Section 58.10 of the Environmental Protection Act. The
18 credit must be claimed for the taxable year in which
19 Agency approval of the eligible remediation costs is
20 granted. The credit is not available to any taxpayer if
21 the taxpayer or any related party caused or contributed
22 to, in any material respect, a release of regulated
23 substances on, in, or under the site that was identified
24 and addressed by the remedial action pursuant to the Site
25 Remediation Program of the Environmental Protection Act.
26 After the Pollution Control Board rules are adopted
27 pursuant to the Illinois Administrative Procedure Act for
28 the administration and enforcement of Section 58.9 of the
29 Environmental Protection Act, determinations as to credit
30 availability for purposes of this Section shall be made
31 consistent with those rules. For purposes of this
32 Section, "taxpayer" includes a person whose tax
33 attributes the taxpayer has succeeded to under Section
34 381 of the Internal Revenue Code and "related party"

1 includes the persons disallowed a deduction for losses by
2 paragraphs (b), (c), and (f)(1) of Section 267 of the
3 Internal Revenue Code by virtue of being a related
4 taxpayer, as well as any of its partners. The credit
5 allowed against the tax imposed by subsections (a) and
6 (b) shall be equal to 25% of the unreimbursed eligible
7 remediation costs in excess of \$100,000 per site, except
8 that the \$100,000 threshold shall not apply to any site
9 contained in an enterprise zone as determined by the
10 Department of Commerce and Community Affairs. The total
11 credit allowed shall not exceed \$40,000 per year with a
12 maximum total of \$150,000 per site. For partners and
13 shareholders of subchapter S corporations, there shall be
14 allowed a credit under this subsection to be determined
15 in accordance with the determination of income and
16 distributive share of income under Sections 702 and 704
17 and of subchapter S of the Internal Revenue Code.

18 (ii) A credit allowed under this subsection that is
19 unused in the year the credit is earned may be carried
20 forward to each of the 5 taxable years following the year
21 for which the credit is first earned until it is used.
22 The term "unused credit" does not include any amounts of
23 unreimbursed eligible remediation costs in excess of the
24 maximum credit per site authorized under paragraph (i).
25 This credit shall be applied first to the earliest year
26 for which there is a liability. If there is a credit
27 under this subsection from more than one tax year that is
28 available to offset a liability, the earliest credit
29 arising under this subsection shall be applied first. A
30 credit allowed under this subsection may be sold to a
31 buyer as part of a sale of all or part of the remediation
32 site for which the credit was granted. The purchaser of
33 a remediation site and the tax credit shall succeed to
34 the unused credit and remaining carry-forward period of

1 the seller. To perfect the transfer, the assignor shall
2 record the transfer in the chain of title for the site
3 and provide written notice to the Director of the
4 Illinois Department of Revenue of the assignor's intent
5 to sell the remediation site and the amount of the tax
6 credit to be transferred as a portion of the sale. In no
7 event may a credit be transferred to any taxpayer if the
8 taxpayer or a related party would not be eligible under
9 the provisions of subsection (i).

10 (iii) For purposes of this Section, the term "site"
11 shall have the same meaning as under Section 58.2 of the
12 Environmental Protection Act.

13 (m) Education expense credit.

14 Beginning with tax years ending after December 31, 1999,
15 a taxpayer who is the custodian of one or more qualifying
16 pupils shall be allowed a credit against the tax imposed by
17 subsections (a) and (b) of this Section for qualified
18 education expenses incurred on behalf of the qualifying
19 pupils. The credit shall be equal to 25% of qualified
20 education expenses, but in no event may the total credit
21 under this Section claimed by a family that is the custodian
22 of qualifying pupils exceed \$500. In no event shall a credit
23 under this subsection reduce the taxpayer's liability under
24 this Act to less than zero. This subsection is exempt from
25 the provisions of Section 250 of this Act.

26 For purposes of this subsection;

27 "Qualifying pupils" means individuals who (i) are
28 residents of the State of Illinois, (ii) are under the age of
29 21 at the close of the school year for which a credit is
30 sought, and (iii) during the school year for which a credit
31 is sought were full-time pupils enrolled in a kindergarten
32 through twelfth grade education program at any school, as
33 defined in this subsection.

34 "Qualified education expense" means the amount incurred

1 on behalf of a qualifying pupil in excess of \$250 for
2 tuition, book fees, and lab fees at the school in which the
3 pupil is enrolled during the regular school year.

4 "School" means any public or nonpublic elementary or
5 secondary school in Illinois that is in compliance with Title
6 VI of the Civil Rights Act of 1964 and attendance at which
7 satisfies the requirements of Section 26-1 of the School
8 Code, except that nothing shall be construed to require a
9 child to attend any particular public or nonpublic school to
10 qualify for the credit under this Section.

11 "Custodian" means, with respect to qualifying pupils, an
12 Illinois resident who is a parent, the parents, a legal
13 guardian, or the legal guardians of the qualifying pupils.

14 (Source: P.A. 90-123, eff. 7-21-97; 90-458, eff. 8-17-97;
15 90-605, eff. 6-30-98; 90-655, eff. 7-30-98; 90-717, eff.
16 8-7-98; 90-792, eff. 1-1-99; 91-9, eff. 1-1-00; 91-357, eff.
17 7-29-99; 91-643, eff. 8-20-99; 91-644, eff. 8-20-99; 91-860,
18 eff. 6-22-00; 91-913, eff. 1-1-01; revised 10-24-00.)

19 Section 15. The Property Tax Code is amended by changing
20 Section 24-5 as follows:

21 (35 ILCS 200/24-5)

22 Sec. 24-5. Tax on personal property. Ad valorem personal
23 property taxes shall not be levied on any personal property
24 having tax situs in Illinois ~~this--State~~. However, this
25 Section shall not prohibit the collection after January 1,
26 1979 of any taxes levied under this Code prior to January 1,
27 1979, on personal property subject to assessment and taxation
28 under this Code prior to January 1, 1979. No property
29 lawfully assessed and taxed as personal property prior to
30 January 1, 1979, or property of like kind acquired or placed
31 in use after January 1, 1979, shall be classified as real
32 property subject to assessment and taxation. No property

1 lawfully assessed and taxed as real property prior to January
2 1, 1979, or property of like kind acquired or placed in use
3 after January 1, 1979, shall be classified as personal
4 property.

5 (Source: P.A. 82-935; 88-455.)

6 Section 20. The Gas Revenue Tax Act is amended by
7 changing Section 2a.1 as follows:

8 (35 ILCS 615/2a.1) (from Ch. 120, par. 467.17a.1)

9 Sec. 2a.1. Imposition of tax on invested capital. In
10 addition to the taxes imposed by the Illinois Income Tax Act
11 and Section 2 of this Act, there is hereby imposed upon
12 persons engaged in the business of distributing, supplying,
13 furnishing or selling gas and subject to the tax imposed by
14 this Act (other than a school district or unit of local
15 government as defined in Section 1 of Article VII of the
16 Illinois Constitution of 1970), an additional tax in an
17 amount equal to .8% of such persons' invested capital for the
18 taxable period. If such persons are not liable for such
19 additional tax for the entire taxable period, such additional
20 tax shall be computed on the portion of the taxable period
21 during which such persons were liable for such additional
22 tax. The invested capital tax imposed by this Section shall
23 not be imposed upon persons who are not regulated by the
24 Illinois Commerce Commission. Provided, in the case of any
25 person who ~~which~~ is subject to the invested capital tax
26 imposed by this Section and who ~~which~~ is also subject to the
27 tax on the distribution of electricity imposed by Section
28 2a.1 of the Public Utilities Revenue Act, for taxable periods
29 beginning on or after January 1, 1998, the invested capital
30 tax imposed by this Section shall be the lesser of (i) an
31 amount equal to 0.8% of such person's invested capital for
32 the taxable period multiplied by a fraction the numerator of

1 which is the average of the beginning and ending balances of
2 such person's gross gas utility plant in service and the
3 denominator of which is the average of the beginning and
4 ending balances of such person's gross electric and gas
5 utility plant in service, as set forth in such person's
6 annual report to the Illinois Commerce Commission for the
7 taxable period, or (ii) an amount equal to 0.8% of the
8 person's invested capital for the taxable period ended
9 December 31, 1996 multiplied by a fraction the numerator of
10 which is the average of the beginning and ending balances of
11 the person's gross gas utility plant in service and the
12 denominator of which is the average of the beginning and
13 ending balances of the person's gross electric and gas
14 utility plant in service as set forth in the person's annual
15 report to the Illinois Commerce Commission for the taxable
16 period ended December 31, 1996 modified by an adjustment
17 factor. The adjustment factor is a ratio the numerator of
18 which is the average of the beginning and ending balances of
19 the person's gross gas plant in service for the taxable
20 period and the denominator of which is the average of the
21 beginning and ending balances of the person's gross gas plant
22 in service for the taxable period ended December 31, 1996, as
23 set forth in the person's annual reports to the Illinois
24 Commerce Commission for such taxable periods.

25 (Source: P.A. 90-561, eff. 1-1-98; 91-596, eff. 1-1-00.).

26 Section 25. The Water Company Invested Capital Tax Act
27 is amended by changing Section 3 as follows:

28 (35 ILCS 625/3) (from Ch. 120, par. 1413)

29 Sec. 3. Imposition of tax on invested capital.
30 Beginning on July 1, 1979, in addition to the taxes imposed
31 by the Illinois Income Tax Act, there is hereby imposed upon
32 the water companies subject to the taxes imposed by the

1 Illinois Income Tax Act, a tax in an amount equal to .8% of
2 the such water companies' invested capital for the taxable
3 period. If any such water company is not liable for the
4 invested capital tax for the entire taxable period, the such
5 invested capital tax shall be computed on the portion of the
6 taxable period during which the such water company is liable
7 for the such invested capital tax. The invested capital tax
8 imposed by this Section shall not be imposed upon persons who
9 are not regulated by the Illinois Commerce Commission and who
10 are subject to the tax imposed by this Act only with respect
11 to transactions between the seller and tenants of buildings
12 owned or operated by the seller.

13 (Source: P.A. 87-205.)